



THE HONORABLE
GWEN MARSHALL
CLERK OF THE CIRCUIT COURT AND COMPTROLLER
CLERK OF COURTS • COUNTY COMPTROLLER • AUDITOR • TREASURER • RECORDER
DIVISION OF INTERNAL AUDITING

ADVISORY AUDIT COMMITTEE MEETING MINUTES
2:00 p.m. – 4:00 p.m., Thursday, November 13, 2025
Finance Conference Room – 315 Calhoun Street, 7th Floor

MEMBERS:

Nancy Shepherd, Chair, CPA, CIA, CRMA
Ted Sauerbeck, Vice Chair, CPA
Jeffrey Caines, CIA, CFE, CGAP

Cindy Welter, CIG, FCCM
Valerie Peacock, CFE, CIA, CIG, CIGA, CISA

Opening:

Call to Order and Roll Call:

The meeting was called to order by Chair Nancy Shepherd, and she preceded with a roll call with all members present.

Item 1: Approval of the July 10, 2025, Meeting Minutes..... Nancy Shepherd, Chair

Chair Shepherd called for approval of the July 10, 2025, meeting minutes and asked if there were any corrections or discussion.

A correction was identified by Ted Sauerbeck regarding the attendance count in Item 1 of the minutes. The first paragraph indicated that three of the five members were present; discussion clarified that three members were present at the initial roll call, with an additional member arriving later, resulting in four members present for the duration of the meeting, but not at roll call, which was listed in the minutes presented.

Upon clarification, the correction was determined to not be necessary.

*Valerie Peacock moved to approve the minutes as presented, seconded by Ted Sauerbeck.
The motion carried unanimously.*

Item 2: Clerk's Comments.....Gwen Knight, Clerk of Court & Comptroller

Clerk Knight greeted everyone and welcomed members back and extended a special welcome to the newest committee member. She provided an update on recent activities, noting that the office is currently in the early stages of the Fiscal Year 2024–2025 audit process. The Clerk's Office is working with Thomas Howell and is in the initial phase of providing required documentation.

Clerk Knight stated that, to her knowledge, the process is proceeding smoothly. The goal is to complete the audit in advance of the March 31 Florida Governmental Oversight Association (FGOA) reporting deadline.

Business & General Discussion

Item 3: Introduction of new AAC member: Cindy Welter, CIG.....Kim Ferree, Internal Audit Manager

Kimberly Ferree formally introduced Cindy Welter and expressed appreciation for her willingness to serve on the committee. She highlighted Ms. Walter’s extensive background in internal auditing, including her experience with multiple state agencies, her certification as an Inspector General, and her designation as a Certified Florida Contract Manager. Ms. Welter stated she looks forward to contributing her experience and insights.

Ms. Welter provided a brief overview of her professional background, noting:

- Approximately 18–19 years in Internal Audit with the Department of Environmental Protection
- Two years with the Department of Economic Opportunity in Financial Monitoring
- Current service in Internal Audit with the Public Service Commission

Item 4: Review of Cash Collection Sites, Audit Report No 24R-01..... Kim Ferree

Kim Ferree provided an overview of upcoming agenda items, specifically Items 4*, 5**, and 6*** as follows:

Item 4*: Review of Cash Collection Sites, Audit Report No. 24R-01 the final audit report was anticipated to be released by the end of the week or early the following week. The Preliminary & Tentative (P&T) response was received the previous afternoon. Staff is reviewing the response and supporting documentation for inclusion in the final report.

Item 5**: the Annual Report summarizes internal audit efforts and progress. While not statutorily required for the Clerk’s offices in the state, it is modeled after the State’s Inspector General annual reporting and provides transparency regarding workload distribution and outcomes. She noted that preparation of the Annual Report also assisted with completing the cost report information that is due November 21.

Item 6***: the proposed FY 2025-2026 Risk Assessment and Annual Audit Plan which is an action item requiring committee approval. She stated the approved annual audit plan contained the internal auditing scope of work for the year and included any corrective action plans scope of work for internal audit findings from released reports, as well as the monitoring and audit topics that relate to external audit findings. Kim Ferree stated that internal audit does not supplant their judgment for the external auditors and their conclusions are made based on their firms standards of materiality and judgment determinations, limiting our determination of corrective actions to monitoring the current audit progress and selecting auditable units to review compliance objective, however internal audit objectives are difference than an external auditor’s objectives. The committee’s next regularly scheduled meeting is January 22, 2026, making timely approval important since this plan establishes the work of the audit division for the year.

Item 4*: Review of Audit Report 24R-01..... Kimberly Ferree, Internal Audit Manager

Kim Ferree acknowledged committee member Ted Sauerbeck for providing detailed editorial comments and suggestions. She noted that staff reviewed the comments, made grammatical and formatting corrections, and appreciated the additional review, emphasizing the value of multiple reviewers in ensuring accuracy and clarity.

She provided a summary of the audit’s scope and methodology related to cash collection activities within the Clerk of Court and Board of County Commissioners (BOCC) offices. The audit focused on a sample of four selected department areas rather than all county cash collection points. She noted sampling was conducted proportionally across Clerk and BOCC departments to ensure balanced coverage.

Ms. Ferree summarized the scope of the audit, including:

- Review of operating records
- Walkthroughs of cash collection processes
- Counts of cashier change funds and petty cash, as applicable
- Review of security and storage controls

She noted a recurring issue for several departments indicated they had not kept their cash control documentation current, resulting in outdated information. Including cash collections as part of the audit process, departments would be requested to review and update their official cash control narratives, which should decrease discrepancies identified in some of the audit findings. Each cash collection site would be placed on a rotational every 3 year review.

She indicated new internal audit standards required audit objectives to include reviewing governance, risk, and control considerations and those were addressed in the report. The report also included an appendix listing all audit criteria tested was is included in the report to promote transparency and support departmental compliance.

The report included the cash collection site testing at the following locations: For the BoCC three departments selected for testing were the OIDA and jail testing location, library administration and main library, and Parks and Recreation, and for the Clerk's the central cashiering location at the courthouse was tested. A summary chart was included in the report documents the dates of cash walkthroughs, documentation reviews, and when cash count testing was performed.

The report contained five audit findings and one observation that was noted during the audit but not part of the scope of the audit. Then she went over each of the findings and the observation with the committee. Staff reported that actual audit hours for cash collection audits exceeded initial estimates due to the complexity of controls and corrective actions as well as inadequate assigned hours when developing the prior audit plan. Cash audits will remain on a recurring rotation due to inherent risk. Follow-up on corrective action plans (CAPs) remains active, with structured monitoring in six months and every three months thereafter until formal close-out letters are issued.

Overall, staff noted positive cooperation from departments during exit conferences and emphasized that recommendations are intended to strengthen controls, improve consistency, and reduce risk.

The observation pertained to unattended personal belongings at the main library as well as the ingress and egress of stolen shopping carts into the building. The concern for potential safety and security risks was significant enough to include in the report. This issue was identified as a policy-level concern, and its corrective action will require a collaboration and direction from the BoCC. The committee agreed that including the observation in the report may empower management to address broader safety concerns, despite it not constituting an audit finding.

Members discussed the need to carefully redact or generalize sensitive information in the published report to avoid disclosing security vulnerabilities (e.g., camera placement or absence). Kim Ferree indicated she agreed with their concern and stated the report would be redacted, as needed, prior to posting on the IA webpage. They also suggested to add language to the final report that clearly shows the observation was not part of the planned audit scope, which Kim Ferree stated it would be added prior to release.

The committee discussed the new internal audit standards and the prioritization of findings (e.g., Priority 1, 2, 3) based on relative risk, recognizing this as an evolving practice under new standards.

Item 5**: FY 2024-25 Annual Report..... Kimberly Ferree, Internal Audit Manager

Kim Ferree presented the Annual Report, explaining that it serves as a year-end update on the prior audit plan, including completed audits, deferred items, and activities rolling forward. The report format was adapted from the annual reports that the state uses for their Inspector General offices. The report integrated the 2025 Budget to Actual Variance Report, so it was not listed separately as an agenda item.

The report provides background on Leon County, constitutional officers, and the broad scope of duties performed by the Clerk's Office to highlight organizational impact. It summarizes audit activities, annual risk assessment, fraud, waste, and abuse initiatives, Red Book implementation efforts, quality assurance activities, hotline reporting, and stakeholder feedback.

Staff noted they were continuing work related to fraud, waste, and abuse policies, which were near completion. The annual report also includes the same information regarding the projects that are rolled forward for continuation of audit efforts in this upcoming year.

The annual report includes summarized resource allocation using standard activity categories, with time tracking illustrated through charts and graphs.

Staff noted the inclusion of customer feedback survey results, explaining that neutral (“middle”) responses are treated as indicators of communication gaps and incorporated into the continual Quality Assurance and Improvement Program (QAIP).

Staff discussed internal and external quality assessments. Internal assessments are conducted annually, while an external quality assessment is tentatively projected to be obtained for FY 2026–2027 annual audit plan year, allowing time for further implementation of new Red Book standards and completion of supporting policies and procedures.

Item 6***: Risk Assessment and FY 2025-26 Annual Audit Plan..... Kimberly Ferree, Internal Audit Manager

The committee then reviewed the Risk Assessment and FY 2025-26 Annual Audit Plan, which follows prior methodology for comparability of risk and projects activities for the upcoming audit cycle. Risk assessment factors include financial measures, operational impact, vacancy and turnover ratios, and public concern indicators. Vacancy and turnover data were expanded this year to include turnover ratios, as previously suggested by the committee when approving the prior audit plan.

Staff explained that all Clerk departments are assessed annually due to organizational size, while BOCC departments with operating budgets over \$1 million are evaluated using adopted budget data. Additional risk factors include operational complexity and regulatory requirements. Auditable units were identified, discussed, and assigned relative risk levels for audit planning.

Staff highlighted ongoing contract monitoring, including quarterly and annual compliance reviews, noting that proactive monitoring supports future required internal control attestations. Cybersecurity audit practices were briefly discussed, including use of standardized audit programs developed by external contractors, which staff will refer to when planning for future cybersecurity audit programs.

Overall, staff indicated the annual audit plan reflects continuity with prior years while incorporating enhanced risk analysis, quality assurance practices, and forward-looking audit coverage.

Annual Audit Plan Discussion – Fixed Assets and Resource Allocation (Summary)

The committee discussed the elevated risk rating for fixed assets in the annual audit plan. Staff explained that the rating reflects recurring issues identified by external auditors, including discrepancies between asset records and actual disposals, personnel turnover, and process changes. Improvements have since been implemented, including the possible reinstating of Board approval for asset disposals which will be reviewed in the planned audit of fixed assets to determine compliance. Another area of potential improvement in this area is the hiring new BoCC staff since there was turnover in this area. Due to prior inconsistencies noted in the fixed asset records and continued external concern, fixed assets remain a priority area for internal audit review.

Staff emphasized that internal audit does not substitute its judgment for that of external auditors and does not determine materiality. Instead, internal audit considers recurring issues, unresolved corrective actions, and expressed stakeholder concern when assessing risk and prioritizing audit work in the annual audit plan. Not all of the areas identified can be looked at particularly given the various duties and the limited staffing resources, so auditable units are prioritized and when necessary, carried forward. Fixed assets were noted as carried forward from the prior audit plan since it could not be addressed previously due to staffing constraints.

Additional planned activities include:

- P-Card Audit, the engagement planning was currently underway.
- Contracts, recognizing their complexity and time requirements.
- Cash Collection Site Rotation, based on the previously identified population.
- Guardianship Reviews, to be conducted under FCCC best practice standards rather than full audit standards due to the sensitive nature of the work and staffing limitations.

- CAP Follow-Ups, including those related to internal audit findings and continued external audit corrective action monitoring. She went over the external auditor's most recent report's findings as to what was corrected and what was ongoing.

She mentioned how the external auditor's report lists the same type of reported issue as multiple findings because they are grouping them separately by constitutional officer rather than by topic. This give the reader an impression that there are multiple area of reportable findings when in fact these are similar or same type findings just listed as they pertain to each Constitutional Officer's operations rather than combining by topic on the combined report. The external auditor rolls the findings up form each of the Special Purpose financial statement reports. This would be the external auditor's preference on how they report these findings, however there is nothing to prevent them from consolidating the findings by type in the combined audit report.

She clarified that internal audit does not determine whether external audit findings are cleared. The external auditor will follow up on corrective actions in subsequent audits and determine, based on professional judgment, whether findings are resolved. Internal audit will monitor corrective action as they are determined by the external auditor and consider in the internal audit's risk assessment auditable unit discussion for the development of the annual audit plan's scope of work.

The committee discussed limitations of internal audit authority, noting that internal audit does not have jurisdiction to audit other constitutional offices (e.g., Sheriff, Tax Collector), and that this limitation is clearly documented in the 2025-2026 annual audit plan.

Kim Ferree noted recurring public inquiries coming in to the Hotline that relate to property fraud alerts, emphasizing the importance of public education and potential website enhancements to improve guidance and reduce misdirected inquiries.

She discussed enhancements she was working on to finalized the fraud policy and procedures for the intake processes, including interest in developing an online complaint portal similar to those used by other agencies. It was noted that some entities outsource complaint intake, however currently there is no budget to contract that service out.

Projected audit hours included for the planned work were discussed, with staff noting that estimates improve as experience and efficiencies increase over time.

The committee commended staff on the thoroughness of the risk assessment and annual audit plan through planning process.

Action Item – Approval of Annual Audit Plan:

The Chair confirmed that committee approval was required.

Valerie Peacock moved, seconded by Ted Sauerbeck, to approve the Annual Audit Plan with a suggestion to revise the Audit Report No 24R-01 for consistency with information on page 32. Kim Ferree stated they would update the report for the consistency prior to release.

The motion passed unanimously.

Other Business:

2025 International Fraud Awareness Week

Staff acknowledged International Fraud Awareness Week, noting successful outreach and staff training efforts, positive feedback received, and continued promotion of the fraud hotline.

Adjournment:

There being no further business, the meeting was adjourned at 3:47 p.m.